Appendix 4D
(under ASX Listing Rule 4.2A.3)

Half-year Report
for the six months ended December 31, 2023
(in U.S. dollars)

Company Details

Name of Entity:	**Keypath Education International, Inc.**
ARBN:	**649 711 026**
Current Reporting Period:	**December 31, 2023**
Previous Reporting Period:	**December 31, 2022**

Results for Announcement to the Market

	For the Six Months Ended December 31,			
	2023 US$'000	2022 US$'000	Up/ (Down)	Change %
Revenue	66,909	58,688	8,221	14%
Loss from ordinary activities after tax attributable to members	(4,860)	(13,514)	8,654	(64%)
Net loss for the period attributable to members	(4,860)	(13,514)	8,654	(64%)

Dividends

No dividends were or will be paid or declared during this reporting period. There are no dividend or dividend reinvestment plans currently in operation.

Net Tangible Assets and Per Share

	For the Six Months Ended December 31,	
	2023 US$	2022 US$
Net tangible assets per share	0.16	0.22

Net tangible assets are defined as the consolidated net assets of the Company, less goodwill and intangible assets. The number of shares of common stock outstanding at December 31, 2023 is 214,694,686 shares. For the purposes of determining the net tangible assets per share, the common stock to CDI ratio is 1:1.

Changes in Control Over Entities

There were no entities over which control has been gained or lost during the reporting period.

Basis of Preparation

The financial information included in this preliminary final report and the attached consolidated financial statements are prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). All amounts are reported in U.S. dollars, unless otherwise noted.

Other Information

Additional Appendix 4D disclosure requirements can be found in the notes to the half-year financial report and the Directors' Report for the half-year ended December 31, 2023. This document should be read in combination with any other public announcements made during the reporting period pursuant to continuous disclosure requirements of the ASX Listing Rules and the Corporations Act 2001 (Cth) (the Corporations Act).

The financial information in this report is based on the Company's unaudited condensed consolidated financial statements, which have been reviewed by KPMG LLP. The Independent Auditor's Review Report is included within this Appendix 4D.

SIGNED

Peter Vlerick
Chief Financial Officer

February 27, 2024

Interim Report for the Half-Year Ended December 31, 2023 (In U.S. dollars)

Directors' Report

The Directors present their report together with the reviewed condensed consolidated financial statements of Keypath Education International, Inc.'s (the "Company") and its wholly-owned subsidiaries for the half-year ended December 31, 2023.

Directors

The following individuals were Directors of Keypath for the half-year ended December 31, 2023:

Diana Eilert	Chair and Independent, Non-Executive Director
Steve Fireng	Executive Director and Global Chief Executive Officer (CEO)
Melanie Laing	Independent, Non-Executive Director
Robert Bazzani	Independent, Non-Executive Director
Susan Wolford	Independent, Non-Executive Director
R. Christopher Hoehn-Saric	Non-Executive Director
M. Avi Epstein	Non-Executive Director

Principal Activities

The Company principal activity is online program management ("OPM") primarily serving the postgraduate education market of traditional universities. The Company enables universities in Australia, the United States, Canada, the U.K. Malaysia and Singapore to deliver technology-enabled online degrees and programs driven by market-demand. Through end-to-end technology and data-driven service, the Company and its subsidiaries (the "Group") partner with universities to design, launch, and grow online programs that deliver career-relevant skills to address global, social and economic challenges and prepare busy professionals for the future of work.

The suite of services the Company provides to its university partners includes program design and development, marketing, management, student recruitment, student support, clinical placement services and faculty recruitment. Additionally, the continued development and improvement of KeypathEDGE, which offers data-informed insights to improve the experiences of both universities and students. The Company enters into long-term contracts with universities and earns revenue through an agreed revenue share with the relevant university during the contracted term. Keypath has over 700 employees spanning five countries (U.S., Canada, U.K., Australia and Malaysia).

There were no significant changes in the nature of Keypath's business during the reporting period.

Immaterial Revisions of Previously Issued Financial Statements

As disclosed on the ASX on February 27, 2024, the Company has revised the consolidated financial statements for the years ended June 30, 2021, 2022 and 2023 and the condensed consolidated financial statements for the six months ended December 31, 2022 ("H1 FY23"). For additional information and a detailed discussion of the revisions, see the ASX Announcement filed with the ASX.

The accompanying Director's Report gives effect to the revisions of the Company's previously reported unaudited condensed consolidated financial statements for H1 FY23. For additional information and a detailed discussion of the revisions, see Note 1 in the notes to our condensed consolidated financial statements included in this Appendix 4D.

Operating and Financial Review

Key Operating Metrics (Non-GAAP)

The following discussion of our results of operations includes references to and analysis of contribution margin and Adjusted EBITDA, which are financial measures not recognized in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These non-GAAP financial measures are used by management to monitor and evaluate the Company's operating performance and make strategic decisions, including these related to operating expenses, and are used by investors to understand and evaluate our operating performance. These measures are not intended to serve as an alternative to U.S. GAAP measures of performance and may not be comparable to similarly titled measures presented by other companies. A reconciliation of these non-GAAP measures to their most directly comparable measures under U.S. GAAP is included below.

- Contribution margin is revenue less direct costs, which consist of salaries and wages, direct marketing and general and administrative expenses attributable to direct departments. Contribution margin is used to monitor and evaluate financial performance for individual programs relative to planned performance targets over the whole-of-life of the programs.

- Adjusted EBITDA is earnings before interest, tax, depreciation and amortization less certain non-recurring items as well as stock-based compensation ("SBC") expense and Legacy Long-Term Incentive Plan Cash Award ("Legacy LTIP Cash Awards").

The following table reconciles the Company's primary measures of profitability contribution margin to Adjusted EBITDA for the periods indicated:

	Six Months Ended December 31,	
	2023 $'000	**2022 $'000**
Revenue	66,909	58,688
Direct salaries and wages	(25,183)	(25,330)
Direct marketing	(22,317)	(22,556)
General and administrative allocated to direct departments	(1,343)	(1,560)
Contribution margin	18,066	9,242
Corporate costs and other	(15,793)	(16,049)
Adjusted EBITDA	2,273	(6,807)

The following table reconciles the Company's primary measures of profitability Adjusted EBITDA to Loss before income taxes for the periods indicated:

	Six Months Ended December 31,	
	2023 $'000	**2022 $'000**
Loss before income taxes	(3,606)	(13,254)
Adjusted to exclude the following:		
Depreciation and amortization	2,704	2,739
Stock-based compensation	1,419	1,883
Legacy LTIP Cash Awards	-	1,825
SEC registration costs	1,756	-
Adjusted EBITDA	2,273	(6,807)

Components of Results of Operations

Revenue

Revenue is generated from OPM services and comprises Keypath's share of tuition fees paid to university partners by students undertaking the online programs that Keypath developed and launched for those university partners. The percentage of revenue share that Keypath earns is negotiated and specific to each contract, typically falling within the range of 40% to 60% of the tuition revenue. Contract durations with partners typically span from seven to ten years.

Programs are custom-developed, and revenue begins to accrue upon the enrollment of the first students in a program, typically occurring approximately six to eight months after the contract is signed.

Keypath provides its university partners with highly integrated OPM services, including market research, program development, academic services, marketing and recruitment, placement services, student services, faculty recruitment and course development to support online learning degree programs offered by universities.

Operating expenses

- Salaries and wages – The Company's cost base is primarily employee costs relating to the salaries and wages of its direct cost departments including recruitment (comprising student recruitment advisors and recruitment management departments), marketing services, product development (employees who work on program and learning design), student retention, account management and student placement. In addition to these direct costs, the Company also has corporate functions such as IT, finance, legal, HR, corporate communications, business development and executive management functions. Employee levels in most direct areas are determined so as to ensure that existing and planned contractual service standards can be met and tend to be program specific. Salaries and wages in other areas are less program specific and less affected by significant increases in revenue.

- Direct marketing – The Company relies on pay per click advertising via Google, Facebook and LinkedIn as its main marketing channel in promoting online programs. Other lead generating channels also include search engine optimization, pay per impression and email marketing. Direct marketing costs also include creative costs, representing outsourced expenses notably related to creative design work, public relations and video.

- General and administration ("G&A") – G&A includes the aggregate costs of managing and administrating the affairs of the Company. Other G&A expenses primarily include information technology and communications, lease and property outgoings, professional fees and outsourced services, insurance, and travel.

- Depreciation and Amortization – Depreciation and amortization expenses primarily consist of the depreciation of property and equipment, and the amortization of intangible assets. Depreciation includes expenses related to computer equipment, office equipment, and leasehold improvements. Amortization includes expenses associated with our capitalized course development, software and website development costs, as well as acquired intangible assets and contract acquisition costs. Course development expenditure primarily consists of capitalized salaries and wages of staff and contractor costs directly involved in program development. The Company capitalizes certain costs associated with developing its internal-use software. Contract acquisition costs include capitalized commissions paid to staff who earn such commissions as part of their compensation for selling new partners and programs.

- Stock-Based Compensation ("SBC") – SBC consists of two components:

    - SBC - 2021 Equity Incentive Plan (Ongoing): The Company adopted the 2021 Equity Incentive Plan with effect from the IPO.

- SBC - Legacy Plans (Legacy): Prior to the IPO, Steve Fireng, our Global Chief Executive Officer and Executive Director, held restricted units, while certain employees and former directors held unit options. These awards were cancelled upon the IPO and replaced by CDIs and CDI Rights, respectively.

Other (expense) income

Other (expense) income primarily includes foreign currency transaction (losses) gains.

Interest expense

The Company remained debt-free during the six months ended December 31, 2023 and 2022 and had no interest expense during these periods.

Provision for Income Taxes

The Company is subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in determining its provision for income taxes and deferred tax assets and liabilities, including evaluating uncertainties in the application of accounting principles and complex tax laws.

Results of Operations

The following table summarizes our results of operations for the periods presented.

	Six Months Ended December 31,	
	2023 $'000	**2022 $'000**
Revenue	66,909	58,688
Operating expenses:		
Salaries and wages	34,502	36,555
Direct marketing	22,317	22,556
General and administrative	9,372	8,021
Depreciation and amortization	2,704	2,739
Stock-based compensation	1,419	1,883
Total operating expenses	70,314	71,754
Operating loss	(3,405)	(13,066)
Other expense, net	(201)	(188)
Loss before income taxes	(3,606)	(13,254)
Income tax expense	(1,254)	(260)
Net loss	(4,860)	(13,514)

Six months ended December 31, 2023 compared to the six months ended December 31, 2022

Revenue

	Six Months Ended December 31,					
Revenue by region	**2023 $'000**	**2022 $'000**	**Change $'000**	**Change %**	**Organic Growth [a]**	**Foreign Exchange [b]**
Americas & Europe	38,316	31,961	6,355	19.9%	19.6%	0.3%
APAC	28,593	26,727	1,866	7.0%	10.0%	(3.0%)
Total revenue	66,909	58,688	8,221	14.0%	15.3%	(1.3%)

(a) Organic growth represents the change in revenue excluding the impact of foreign exchange impacts.

(b) The comparisons at constant currency rates (foreign exchange) reflect comparative local currency foreign exchange rates at the prior period's average foreign exchange rates. This measure provides information on the change in revenue assuming that foreign currency exchange rates have not changed between the prior period and the current period. Management believes the use of this measure aids in the understanding of changes in revenue without the impact of foreign currency.

The Company earned revenue of $66.9 million in the six months ended December 31, 2023 compared to $58.7 million in the six month ended December 31, 2022, an increase of 14.0%. On a constant currency basis, revenue increased by 15.3% when adjusted for unfavorable foreign exchange impacts of $0.7 million.

Our Americas & Europe region includes the U.S., Canada and the U.K. Our APAC region includes Australia, Malaysia and Singapore. The Company's revenues are primarily earned in the U.S. and Australia markets where 93.5% and 94.0% of revenue was generated in the six months ended December 31, 2023 and 2022, respectively.

	Six Months Ended December 31,					
Revenue by vintage	**2023 $'000**	**% of Revenue**	**2022 $'000**	**% of Revenue**	**Change $'000**	**Change %**
Mature	30,948	46.3%	35,229	60.0%	(4,281)	(12.2%)
2021	15,719	23.5%	15,430	26.3%	289	1.9%
2022	11,521	17.2%	6,781	11.6%	4,740	69.9%
2023	7,508	11.2%	1,248	2.1%	6,260	501.6%
2024	1,213	1.8%	-	-%	1,213	-%
Total revenue	66,909	100.0%	58,688	100.0%	8,221	14.0%

The Company closely monitors revenue by vintage, the fiscal year in which a program has its first student intake. For example, if a program commences on July 1, 2023, it will be classified as an FY24 vintage. This helps in understanding the growth trajectory of programs as they evolve through the unit economic model. The model demonstrates how a program, over its lifecycle, transitions from an initial growth phase with significant investments and lower margins, to a maturity phase where efficiencies, stable revenues, and strategic improvements lead to a higher and more stable contribution margin, typically between 40% and 60%. Keypath begins to earn revenue from a program only after the first student intake.

Vintages prior to 2021 (mature) declined, as expected, by $4.3 million in the six months ended December 31, 2023. This decline can be attributed to several factors: a decrease in enrollment in some of our non-Healthcare programs and the reallocation of capital towards our newer, more in-demand programs, primarily in the Healthcare vertical.

The 2021 and subsequent vintages continue to scale toward maturity and reflect the full benefit of the KeypathEDGE platform and are primarily focused in the Healthcare vertical in the U.S. as well as across all verticals in the APAC market.

	Six Months Ended December 31,					
Revenue by vertical	**2023 $'000**	**% of Revenue**	**2022 $'000**	**% of Revenue**	**Change $'000**	**Change %**
Nursing	26,481	39.6%	21,741	37.0%	4,740	21.8%
Health & Social Services	13,562	20.3%	9,601	16.4%	3,961	41.3%
Business	12,933	19.3%	13,476	23.0%	(543)	(4.0%)
STEM	7,619	11.4%	8,274	14.1%	(655)	(7.9%)
Education	4,692	7.0%	4,464	7.6%	228	5.1%
Other	1,622	2.4%	1,132	1.9%	490	43.3%
Total revenue	66,909	100.0%	58,688	100.0%	8,221	14.0%

Healthcare includes Nursing, Health & Social Services verticals. For the six months ended December 31, 2023 Healthcare revenue was $40.0 million, 27.8% higher than for the six months ended December 31, 2022. As a percentage of total revenue, Healthcare was 59.8% in the six months ended December 31, 2023 compared to 53.4% in the six months ended December 31, 2022.

Partners and student enrollments have continued to grow

	Six Months Ended December 31,			
	2023	2022	Change	Change %
Partners	44	43	1	2.3%
Course enrollments	47,746	45,759	1,987	4.3%
Revenue per enrollment ($)	1,401	1,283	118	9.2%

Operating expenses

	Six Months Ended December 31,					
	2023 $'000	% of Revenue	2022 $'000	% of Revenue	Change $'000	Change %
Salaries and wages	34,502	51.6%	36,555	62.3%	(2,053)	(5.6%)
Direct marketing	22,317	33.4%	22,556	38.4%	(239)	(1.1%)
General and administrative	9,372	14.0%	8,021	13.7%	1,351	16.8%
Depreciation and amortization	2,704	4.0%	2,739	4.7%	(35)	(1.3%)
Stock-based compensation	1,419	2.1%	1,883	3.2%	(464)	(24.6%)
Total operating expenses	70,314	105.1%	71,754	122.3%	(1,440)	(2.0%)

Salaries and wages decreased by $2.1 million, or 5.6%, to $34.5 million in the six months ended December 31, 2023. Salaries and wages for the six months ended December 31, 2022 include a $1.8 million Legacy LTIP Cash Awards expense. During the six months ended December 31, 2022, holders of the Legacy LTIP Cash Awards received a cash payment of $2.0 million (per the Board's approval of 50% of the maximum award).

Direct marketing decreased by $0.2 million, or 1.1%, to $22.3 million in the six months ended December 31, 2023 due to efficiencies in spend associated with a maturing portfolio, spend rationalization for existing programs and reductions from exited programs.

G&A increased by $1.4 million, or 16.8%, to $9.4 million in the six months ended December 31, 2023. In FY23, after extensive review and analysis, the Company determined it is required to register our Common Stock with the SEC under the U.S. Securities Exchange Act of 1934. In connection with the Company's evaluation of such matters and taking of initial steps to affect the SEC registration, the Company incurred costs, including accounting and legal advice, of $1.8 million in the six months ended December 31, 2023. This registration may increase the Company's flexibility to access a broader range of investors in the future and list its securities on a larger national security exchange, but the Company has no current plans for any such listing or any U.S. capital raising.

SBC decreased by $0.5 million, or 24.6%, to $1.4 million in the six months ended December 31, 2023. The decrease primarily reflects CDI Rights that were fully vested in FY23.

Income tax expense

The Company recorded $1.3 million and $0.3 million income tax expense in the six months ended December 31, 2023 and 2022, respectively, primarily related to estimated current income tax liability for our Australian operations, withholding taxes, minimum state income tax payments and book to tax temporary differences.

Financial position

A summary of the financial position of the Company is provided below for the periods indicated:

	December 31, 2023 $'000	June 30, 2023 $'000
Cash	41,735	46,840
Accounts receivable and other current assets	7,127	13,179
Accounts payable and other current liabilities	(19,302)	(27,779)
Net working capital	29,560	32,240
Property and equipment, net	858	1,007
Goodwill	8,754	8,754
Intangible assets, net	8,376	7,589
Other non-current assets	3,762	4,938
Other non-current liabilities	(367)	(469)
Net assets	50,943	54,059

Liquidity and Capital Resources

The following table summarizes our cash flows for the periods indicated:

	Six Months Ended December 31,	
	2023 $'000	2022 $'000
Net cash from:		
Operating activities	(2,236)	(3,089)
Investing activities	(2,898)	(2,576)
Financing activities	(50)	(1,904)
Effect of exchange rate changes on cash and restricted cash	79	(97)
Net change in cash and restricted cash	(5,105)	(7,666)

Seasonality

The Company's business is subject to seasonality as revenue is affected by when programs start as determined by university partners. In the U.S. and Canada, program starts are typically similar in all quarters except for the second (December) quarter. All jurisdictions experience negligible levels of program starts during November and December due to closure of universities for the holiday period. In Australia, program starts are higher in the first and third quarters.

Operating Activities

Net cash used in operations in the six months ended December 31, 2023 decreased to $2.2 million from $3.1 million in the six months ended December 31, 2022, primarily driven by the $2.0 million one-time cash settlement of LTIP Cash Award last year and change in the net working capital.

Investing Activities

Net cash used in investing activities in the six months ended December 31, 2023 increased to $2.9 million from $2.6 million in the six months ended December 31, 2022, primarily representing the capitalized value of employee and contractor costs directly involved in the development of programs and capitalized software and website development costs.

Financing Activities

Net cash used in financing activities in the six months ended December 31, 2023 was insignificant and $1.9 million in the six months ended December 31, 2022, representing the amount of cash outflow to satisfy employees' income tax withholding obligations as part of a net-share settlement of stock-based awards and employee stock repurchases.

Relevant considerations regarding United States and Delaware law

Keypath is incorporated under the laws of the State of Delaware. Consequently, Keypath is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares, including substantial holdings and takeovers.

Provisions of the Delaware General Corporation Law, the Company's Certificate of Incorporation and the Company's Bylaws could make it more difficult to acquire the Company by means of a tender offer (takeover), a proxy contest or otherwise, or to remove incumbent officers and Directors of the Company. These provisions could discourage certain types of coercive takeover practices and takeover bids that the board of Directors (Board) may consider inadequate and to encourage persons seeking to acquire control of the Company to first negotiate with the Board. The Company believes that the benefits of increased protection of its ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

The Company's Bylaws do not contain any limitations on the acquisition of securities, except that Article VIII, Section 8.03 of the Bylaws provides as follows:

"The Corporation may refuse to acknowledge any transfer of shares of the Corporation's capital stock (including CDIs) held or acquired by a stockholder (including shares of the Corporation's capital stock that may be acquired upon exercise of a stock option, warrant or other right) or shares of the Corporation's capital stock which attach to or arise from such shares unless such transfer is made:

(a) in accordance with the provisions of Regulation S of the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "U.S. Securities Act");

(b) pursuant to a registration under the U.S. Securities Act; or

(c) pursuant to an exemption from registration under the U.S. Securities Act."

None of the Company's securities have been registered under the U.S. Securities Act or the laws of any state or other jurisdiction in the United States. Trading of Keypath's CHESS Depositary Interests ("CDIs") on the Australian Securities Exchange (ASX) is not subject to the registration requirements of the U.S. Securities Act in reliance on Regulation S under the U.S. Securities Act and a related 'no action' letter issued by the U.S. Securities and Exchange Commission to the ASX in 2000. As a result, the CDIs are "restricted securities" (as defined in Rule 144 under the U.S. Securities Act) and may not be sold or otherwise transferred except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. For instance, U.S. persons who are qualified institutional buyers ("QIBs," as defined in Rule 144A under the U.S. Securities Act) may purchase CDIs in reliance on the exemption from registration provided by Rule 144A. To enforce the transfer restrictions, the CDIs bear a FOR Financial Product designation on the ASX. This designation restricts any CDIs from being sold on ASX to U.S. persons excluding QIBs. In addition, hedging transactions with regard to the CDIs may only be conducted in compliance with the U.S. Securities Act.

Independent Auditors' Review Report

To the Stockholders and the Board of Directors
Keypath Education International, Inc.:

Results of Review of Condensed Consolidated Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheets of Keypath Education International, Inc. and its subsidiaries (the Company) as of December 31, 2023, and the related condensed consolidated statements of operations and comprehensive loss, changes in stockholders' equity, and cash flows for the six-month periods ended December 31, 2023 and December 31, 2022, and the related notes (collectively referred to as the condensed consolidated interim financial statements).

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in accordance with U.S. generally accepted accounting principles.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial statements and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States) (PCAOB). A review of condensed consolidated interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of condensed consolidated interim financial statements is substantially less in scope than an audit conducted in accordance with GAAS and in accordance with the auditing standards of the PCAOB, the objective of which is an expression of an opinion regarding the financial statements as a whole and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Report on Condensed Consolidated Balance Sheet as of June 30, 2023

We have previously audited, in accordance with GAAS and in accordance with the auditing standards of the PCAOB, the consolidated balance sheet as of June 30, 2023, and the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 26, 2024. In our opinion, the accompanying condensed consolidated balance sheet of the Company as of June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Responsibilities of Management for the Condensed Consolidated Interim Financial Statements

Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with U.S. generally accepted accounting principles and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of condensed consolidated interim financial statements that is free from material misstatement, whether due to fraud or error.

/s/ KPMG LLP

Chicago, Illinois
February 26, 2024

Keypath Education International, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands of U.S. dollars)

	December 31, 2023	June 30, 2023
ASSETS		
Current Assets		
Cash	$ 41,735	$ 46,840
Accounts receivable, net of allowance	5,286	10,947
Prepaid expenses and other current assets	1,841	2,232
Total Current Assets	48,862	60,019
Property and equipment, net	858	1,007
Operating leases right-of-use assets	255	392
Goodwill	8,754	8,754
Intangible assets, net	8,376	7,589
Contract acquisition costs	2,744	3,023
Deferred tax asset	378	1,103
Other assets	385	420
Total Assets	$ 70,612	$ 82,307
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 6,301	$ 6,991
Accrued liabilities	10,619	12,704
Deferred revenue	1,160	7,023
Income tax payable	703	508
Operating lease liabilities	519	553
Total Current Liabilities	19,302	27,779
Deferred tax liabilities	164	29
Long-term operating lease liabilities	203	440
Total Liabilities	19,669	28,248
Stockholders' Equity		
Common stock	2,147	2,140
Additional paid-in capital	258,926	257,564
Accumulated deficit	(209,830)	(204,970)
Accumulated other comprehensive loss	(300)	(675)
Total Stockholders' Equity	50,943	54,059
Total Liabilities and Stockholders' Equity	$ 70,612	$ 82,307

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Keypath Education International, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(In thousands of U.S. dollars, except share and per share data)

	Six Months Ended December 31, 2023	Six Months Ended December 31, 2022
Revenue	$ 66,909	$ 58,688
Operating expenses:		
Salaries and wages	34,502	36,555
Direct marketing	22,317	22,556
General and administrative	9,372	8,021
Depreciation and amortization	2,704	2,739
Stock-based compensation	1,419	1,883
Total operating expenses	70,314	71,754
Operating loss	(3,405)	(13,066)
Other expense, net	(201)	(188)
Loss before income taxes	(3,606)	(13,254)
Income tax expense	(1,254)	(260)
Net loss	$ (4,860)	$ (13,514)
Loss per share:		
Net loss per common share, basic and diluted	$ (0.02)	$ (0.06)
Weighted-average shares of common stock outstanding, basic and diluted	214,425,823	212,359,686
Comprehensive loss:		
Net loss	$ (4,860)	$ (13,514)
Foreign currency translation adjustment	375	(113)
Total comprehensive loss	$ (4,485)	$ (13,627)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Keypath Education International, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)
(In thousands of U.S. dollars, except share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of June 30, 2022	208,223,105	$ 2,082	$ 255,475	$ (180,521)	$ (778)	$ 76,258
Net loss	-	-	-	(13,514)	-	(13,514)
Currency translation adjustment	-	-	-	-	(113)	(113)
Stock-based compensation	-	-	1,883	-	-	1,883
CDI vesting, net of payments of taxes from withheld shares	6,370,318	64	(1,452)	-	-	(1,388)
Employee stock repurchases	(1,069,542)	(11)	(505)	-	-	(516)
Balance as of December 31, 2022	213,523,881	$ 2,135	$ 255,401	$ (194,035)	$ (891)	$ 62,610

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance as of June 30, 2023	213,971,128	$ 2,140	$ 257,564	$ (204,970)	$ (675)	$ 54,059
Net loss	-	-	-	(4,860)	-	(4,860)
Currency translation adjustment	-	-	-	-	375	375
Stock-based compensation	-	-	1,419	-	-	1,419
CDI vesting, net of payments of taxes from withheld shares	723,558	7	(57)	-	-	(50)
Balance as of December 31, 2023	214,694,686	$ 2,147	$ 258,926	$ (209,830)	$ (300)	$ 50,943

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Keypath Education International, Inc.
Condensed Consolidated Statements of Cash Flow
(Unaudited)
(In thousands of U.S. dollars)

	Six Months Ended December 31,	
	2023	**2022**
Operating activities:		
Net loss	$ (4,860)	$ (13,514)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	2,704	2,739
Stock-based compensation	1,419	1,883
Deferred compensation liability	-	1,825
Deferred income taxes	847	194
Other, net	130	90
Changes in operating assets and liabilities:		
Accounts receivable	5,742	12,300
Prepaids and other	359	354
Accounts payable and accrued liabilities	(2,939)	(7,077)
Deferred revenue	(5,803)	(1,710)
Income tax payable	165	(173)
Net cash from operating activities	(2,236)	(3,089)
Investing activities:		
Capitalized software and website development costs	(2,741)	(2,105)
Purchases of property and equipment	(157)	(471)
Net cash from investing activities	(2,898)	(2,576)
Financing activities:		
Payments of taxes from withheld shares	(50)	(1,388)
Employee stock repurchases	-	(516)
Net cash from financing activities	(50)	(1,904)
Effect of exchange rate changes on cash and restricted cash	79	(97)
Net change in cash and restricted cash	(5,105)	(7,666)
Cash and restricted cash at beginning of period	46,840	59,179
Cash and restricted cash at end of period	$ 41,735	$ 51,513
Supplemental cash flows information:		
Income taxes paid	$ 234	$ 105

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Keypath Education International, Inc.
Notes to the Unaudited Condensed Consolidated Financial Statements
(In thousands of U.S. dollars, except share data and unless otherwise indicated)

1. Principal business activity and significant accounting policies

Description of business

Keypath Education International, Inc.'s (the "Company") principal activity is online program management ("OPM") primarily serving the postgraduate education market of traditional universities. The Company enables universities in Australia, the U.S., Canada, the U.K., Malaysia and Singapore to deliver technology-enabled online degrees and programs driven by market-demand. Through end-to-end technology and data-driven service, the Company and its subsidiaries (the "Group") partner with universities to design, launch, and grow online programs that deliver career-relevant skills to address global, social and economic challenges and prepare busy professionals for the future of work.

The suite of services the Company provides to its university partners includes program design and development, marketing, management, student recruitment, student support, clinical placement services and faculty recruitment. Additionally, we continue to develop and improve KeypathEDGE, which offers data-informed insights to improve the experiences of both universities and students. The Company enters into long-term contracts with universities and earns revenue through an agreed revenue share with the relevant university during the contracted term. Keypath has over 700 employees spanning five countries (U.S., Canada, U.K., Australia and Malaysia).

Basis of presentation and principles of consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries after elimination of all intercompany accounts and transactions. The Company's consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). All amounts are reported in U.S. dollars, unless otherwise noted.

Immaterial revisions to previously issued financial statements

As noted in the ASX announcement regarding the Form 10, in 2024, certain revisions were made to our condensed consolidated financial statements for the six months ended December 31, 2022, previously reported in the Company's Appendix 4D, filed with the ASX on February 26, 2023.

Management has concluded that the revisions are not material to the previously issued consolidated financial statements but has revised them herein.

For the six months ended December 31, 2022, these revisions relate to:

1) a $21 overstatement of revenue due to the timing of recognition of revenue related to a terminated contract;
2) a $3,825 understatement of salaries and wages due to the revision in the accounting for Legacy Long-Term Incentive Plan Cash Award ("Legacy LTIP Cash Awards");
3) a $198 understatement of salaries and wages from recording of a premium paid for CDIs;
4) a $41 understatement of sales commission expense and overstatement of capitalized and amortized sales commissions;
5) a $57 understatement of marketing expenses attributable to the timing of recognition;
6) a $166 overstatement of general and administrative expenses attributable to the timing of recognition;
7) a $191 understatement of amortization resulting from the incorrect timing of when intangible assets became operational; and
8) a $35 valuation revision in the expected term of the stock options issued during the year ended June 30, 2021, resulting in the overstatement of stock-based compensation and corresponding overstatement of additional paid-in capital..

The table below sets forth the condensed consolidated financial statements, including as reported, the impacts resulting from the revisions and the as revised balances, in each case, for the six months ended December 31, 2022:

(In thousands of U.S. dollars)	Consolidated Statements of Operations and Comprehensive Loss		
Six Months Ended December 31, 2022	**As Reported**	**Adjustment**	**As Revised**
Revenue	$ 58,709	$ (21)	$ 58,688
Salaries and wages	32,491	4,064	36,555
Direct marketing	22,499	57	22,556
General and administrative	8,187	(166)	8,021
Depreciation and amortization	2,548	191	2,739
Stock-based compensation	1,918	(35)	1,883
Total operating expenses	67,643	4,111	71,754
Operating loss	(8,934)	(4,132)	(13,066)
Loss before income taxes	(9,122)	(4,132)	(13,254)
Net loss	(9,382)	(4,132)	(13,514)
Loss per share:			
Net loss per common share, basic and diluted	$ (0.04)	$ (0.02)	$ (0.06)
Comprehensive loss:			
Total comprehensive loss	$ (9,495)	$ (4,132)	$ (13,627)

(In thousands of U.S. dollars)	Consolidated Statements of Cash Flows		
Six Months Ended December 31, 2022	**As Reported**	**Adjustment**	**As Revised**
Net loss	$ (9,382)	$ (4,132)	$ (13,514)
Depreciation and amortization	2,548	191	2,739
Stock-based compensation	1,918	(35)	1,883
Deferred compensation liability	(2,000)	3,825	1,825
Accounts receivable	12,159	141	12,300
Prepaids and other	101	253	354
Accounts payable and accrued liabilities	(6,636)	(441)	(7,077)
Net cash from operating activities	(2,891)	(198)	(3,089)
Employee stock repurchases	(714)	198	(516)
Net cash from financing activities	(2,102)	198	(1,904)

The table below sets forth the consolidated balance sheet, including as reported, the impacts resulting from the revision and the as revised balances as of June 30, 2023:

(In thousands of U.S. dollars)	Consolidated Balance Sheets		
As of June 30, 2023	**As Reported**	**Adjustment**	**As Revised**
Accounts receivable, net of allowance	$ 11,338	$ (391)	$ 10,947
Contract acquisition costs	3,205	(182)	3,023
Total Assets	82,880	(573)	82,307
Additional paid-in capital	257,450	114	257,564
Accumulated deficit	(204,283)	(687)	(204,970)
Total Stockholders' Equity	54,632	(573)	54,059
Total Liabilities and Stockholders' Equity	82,880	(573)	82,307

Segment

The Company’s chief operating decision maker is its CEO, who reviews the financial results of the Company on an aggregate basis when making operating decisions, allocating resources, and evaluating financial performance. As such, the Company has determined that it operates in one reportable segment, which is OPM.

While the Company operates in different geographies, the OPM business offered by the Company in each geography is fundamentally the same. The CEO evaluates revenue by geography as an important measure of operating performance and growth. However, the costs of the Company are assessed by the CEO on a consolidated basis as many costs are centralized on cross geographic boundaries, and accordingly any measure of profitability by geography is not considered meaningful.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates and assumptions on historical experience and on various other factors that it believes to be reasonable under the circumstances. Estimates and assumptions are inherent in the analysis and the measurement of impairment of accounts receivable, the recoverability of long-lived assets, amortizable intangibles, goodwill, deferred tax assets, and stock-based compensation expense. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates. The Company evaluates its estimates and assumptions on an ongoing basis.

2. Revenue

The following table presents revenue disaggregated by geographical regions for the six months ended December 31, 2023 and 2022:

	Six Months Ended December 31,	
	2023	2022
Americas & Europe	$ 38,316	$ 31,961
APAC	28,593	26,727
Total revenue	$ 66,909	$ 58,688

Our Americas & Europe region includes the U.S., Canada and the U.K. Our Asia-Pacific ("APAC") region currently includes Australia, Malaysia and Singapore.

Contract Acquisition Costs

Contract acquisition costs, which consist of capitalized sales commissions, were $102 and $610 for the six months ended December 31, 2023 and 2022, respectively. Total amortization for the six months ended December 31, 2023 and 2022 was $326 and $263, respectively, and is recognized within general and administrative expenses in the consolidated statements of operations and comprehensive loss.

Contract acquisition costs consisted of the following:

	December 31, 2023	June 30, 2023
Gross carrying amount	$ 4,971	$ 4,902
Accumulated amortization	(2,227)	(1,879)
Net contract acquisition costs	$ 2,744	$ 3,023

Contract liabilities

Contract liabilities consist of deferred revenue. The following table presents the changes in the Company's deferred revenue for the six months ended December 31, 2023:

Balance as of June 30, 2023	$ 7,023
Additional amounts deferred	84
Revenue recognized	(5,947)
Balance as of December 31, 2023	$ 1,160

3. Amortizable intangible assets

Finite-lived intangible assets consisted of the following as of December 31, 2023 and June 30, 2023:

	Gross Carrying Amount	Accumulated Amortization	Net Value
Capitalized course development costs	$ 13,417	$ (8,747)	$ 4,670
Capitalized software and website development costs	6,545	(3,919)	2,626
Customer relationships	1,910	(1,300)	610
Trade names	205	(140)	65
Work in progress – course development	405	-	405
Balance as of December 31, 2023	$ 22,482	$ (14,106)	$ 8,376

	Gross Carrying Amount	Accumulated Amortization	Net Value
Capitalized course development costs	$ 11,582	$ (7,382)	$ 4,200
Capitalized software and website development costs	5,388	(3,238)	2,150
Customer relationships	1,910	(1,220)	690
Trade names	205	(131)	74
Work in progress – course development	475	-	475
Balance as of June 30, 2023	$ 19,560	$ (11,971)	$ 7,589

The changes in the carrying amount of intangible assets were as follows:

Balance as of June 30, 2023	$ 7,589
Additions	2,741
Amortization during the year	(2,015)
Changes due to foreign currency fluctuations	61
Balance as of December 31, 2023	$ 8,376

4. Accrued liabilities

Accrued liabilities consisted of the following as of December 31, 2023 and June 30, 2023:

	December 31, 2023	June 30, 2023
Compensation	$ 5,965	$ 7,446
Direct marketing	2,672	4,304
Professional fees	1,687	550
Other	295	404
Total accrued liabilities	$ 10,619	$ 12,704

5. Deferred compensation liability

In conjunction with the Company’s IPO, the Legacy LTIP Cash Awards granted each eligible employee the right to receive a cash payment if the Company achieves certain market capitalization criteria within two years following the IPO, provided that the eligible employee remains in continuous employment with the Company on the payment date following the achievement of the applicable market capitalization criteria. The maximum contractual term of the liability award was $4,000.

In August 2022, the Board of Directors approved termination of the Legacy LTIP Cash Awards in exchange for the payment of an amount equal to 50% of the maximum award. Subsequently, in September 2022, holders of the Legacy LTIP Cash Awards received a cash payment of $2,000.

Legacy LTIP Cash Awards expense was $1,825 for the six months ended December 31, 2022, and is recognized within salaries and wages in the condensed consolidated statement of operations and comprehensive loss.

6. Loss per share

Basic loss per share is computed by dividing loss available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share is the same as basic loss per share for the six months ended December 31, 2023 and 2022 because the effects of potentially dilutive items were anti-dilutive, given the Company's net loss. Accordingly, 4,894,462 options for CDIs and 10,578,569 RSUs have been excluded from the calculation of weighted average number of shares for the six months ended December 31, 2023. 6,158,314 options for CDIs, 680,514 CDI Rights and 5,651,208 RSUs have been excluded from the calculation of weighted average number of shares for the six months ended December 31, 2022.

The following table summarizes the loss per share for the six months ended December 31, 2023 and 2022:

	Six Months Ended December 31,			
	2023		2022	
Numerator:				
Net loss	$	(4,860)	$	(13,514)
Numerator for basic loss per share	$	(4,860)	$	(13,514)
Denominator:				
Denominator for basic loss per share – weighted average common shares		214,425,823		212,359,686
Effect of dilutive securities:				
Options for CDIs		-		-
CDI Rights		-		-
RSUs		-		-
Denominator for diluted loss per share – weighted average common shares		214,425,823		212,359,686
Loss per share – Basic	$	(0.02)	$	(0.06)
Loss per share – Diluted	$	(0.02)	$	(0.06)

7. Stock-based compensation

The following table presents stock-based compensation expense recognized within salaries and wages in the condensed consolidated statement of operations and comprehensive loss for the six months ended December 31, 2023 and 2022:

	Six Months Ended December 31,			
	2023		2022	
CDIs	$	160	$	388
CDI Rights		-		587
Options		735		775
RSUs		524		133
Stock-based compensation	$	1,419	$	1,883

8. Commitments and contingencies

The Company is not aware of any pending or threatened legal proceedings that individually or in the aggregate would have a material adverse effect on the Company's business, operating results, or financial conditions. The Company may in the future be party to litigation arising in the ordinary course of business. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provides for the potential of indemnification obligations. The Company's exposure under these agreements is unknown because it involves future claims that may be made against the

Company but have not yet been made. To date, the Company has not paid any claims or been required to defend any actions related to its indemnification obligations; however, the Company may record charges in the future as a result of these indemnification obligations of the Company. In addition, the Company has indemnification agreements with its Directors and certain executive officers that require it, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service with the Company. The terms of such obligations may vary.

9. Subsequent events

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the condensed consolidated financial statements through February 26, 2024, the date the condensed consolidated financial statements were available to be issued.

Glossary

$ or USD	United States Dollars (unless otherwise specified)
2021 Equity Incentive Plan	The 2021 Equity Incentive Plan adopted by the Company under which options over CDIs have been granted to members of management and Independent Non-Executive Directors
Adjusted EBITDA	Earnings before interest, tax, depreciation and amortization excluding certain non-recurring items and stock-based compensation
APAC	Asia Pacific
ASX	The Australian Securities Exchange
ASX Listing Rules	The official listing rules of ASX
CDI	CHESS Depositary Interest
CDI Rights	Rights to receive CDIs following the completion of the IPO received by certain employees in substitution for their previously existing employee options
CEO	Chief Executive Officer
CHESS	The Clearing House Electronic Sub-register System for settlement of shares on ASX, operated by ASX settlement system and electronic securities depository for cash equities, warranties and other equity related securities traded in Australia
Company or Keypath	Keypath Education International, Inc.
Director	A director of Keypath
G&A	General and administration
Global CEO or CEO	Chief Executive Officer of the Keypath group, being Steve Fireng
Group	The group of companies constituted by Keypath, Keypath Education Holdings, LLC, Keypath Education, LLC, Keypath Education Canada, Inc, Keypath Education UK, Ltd, Keypath Education Australia Pty Ltd, Keypath Education Malaysia Sdn. Bhd. and Keypath Education Singapore Pte. Ltd.
IPO	The initial public offering of Keypath on June 1, 2021
KeypathEDGE	Integrated technology and data platform that underpins Keypath's ability to acquire and retain university partners and students
Legacy LTIP Cash Awards	Awards granted to certain employees of the Company in substitution for their legacy performance awards, and which provide for a cash payment on satisfaction of certain conditions following the IPO date
LTIP	Long-term incentive plan
Non-Executive Director	A Non-Executive Director of Keypath
OPM	Online Program Management
Options	Options to subscribe for CDIs
Restricted Stock Units or RSUs	Rights to receive CDIs or cash that are subject to restrictions, including on transfer, until specified conditions are satisfied
SBC	Stock-based compensation
SEC	U.S. Securities and Exchange Commission
Share	A fully paid share of common stock in Keypath
U.S. or United States	United States of America, its territories and provinces and any state of the United States of America
U.S. GAAP	U.S. generally accepted accounting principles
U.S. Securities Act	*Securities Act of 1933* (U.S.), as amended